

EXPORT-IMPORT BANK OF WASHINGTON

For The Press

For Monday Morning Papers
In the United States and
Europe

17 August 1959

Not for Radio and TV Use
before 12:01 A.M., EDT

17 August 1959

REpublic 7-7890

EXIMBANK

The Commission of the European Atomic Energy Community and the Export-Import Bank of Washington have signed agreements implementing the Bank's \$135 million line of credit to assist in financing the construction of nuclear power plants to be built under the joint United States-Euratom program in the community countries.

These six countries comprising Euratom -- Belgium, France, Germany, Italy, Luxembourg and the Netherlands -- are the same as those constituting the European Economic Community and the European Coal and Steel Community.

The agreements were signed by Enrico Medi, Vice President, Paul De Groote and Heinz Krekeler, Members of the Commission, for Euratom; and by Samuel C. Waugh, President of Eximbank, for the Bank.

The goal of the joint program is a total installed generating capacity in the nuclear powered plants of approximately one million kilowatts. Under the terms of the Joint Program, these large scale plants will be completed and placed in operation between December 31, 1963 and December 31, 1965.

In addition to nuclear power development, the United States-Euratom agreement provides for a program of nuclear research and development to be carried out simultaneously for the six countries in cooperation with the United States, in both the Community and the United States.

The total cost of the plants is estimated at \$350 million. The \$215 million required in addition to the Eximbank loan will be raised from European sources.

Under the Agreement for Cooperation between the United States and Euratom, a Joint Reactor Board has been established, composed of representatives of Euratom, the U. S. Atomic Energy Commission, and the Export-Import Bank,

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to select the projects to participate in the program. Proposals from utilities in the Community must be received by October 20, 1959. After a project is approved by the USAEC and Euratom Commission, upon the recommendation of the Joint Reactor Board, an application will be submitted by the utility selected -- for those projects requesting financing -- to Euratom, for approval by the Bank of an allocation under the line of credit.

The Export-Import Bank credit may be used to assist in financing the purchase of reactors of types developed in the United States to be installed in the six to eight nuclear power plants which will comprise the one million kilowatt program and also for initial fuel fabrication and engineering services. Use of the credit will be limited to not more than 40 percent of the total cost of any plant.

Eximbank's credit will be repayable over 20 years. Interest charged will be at the rate of 4-1/2 percent annually. This is below the Bank's normal rate for development loans but has been established, with the concurrence of the U. S. National Advisory Council on International Monetary and Financial Problems, in order to facilitate the advancement of the peaceful use of atomic energy.

A program on as large a scale as this could be undertaken only in an area where, as in Euratom countries, electric power generating costs are, as an average, relatively high and nuclear energy therefore could become, in due course, competitive with conventional energy, especially as a consequence of a broad and effective research and development program.

Euratom came into being as the result of a treaty entered into by the six countries on March 25, 1957, which became effective on January 1, 1958.

The Eximbank loan is one of a series of cooperative steps taken under the Agreement for Cooperation entered into between the United States and Euratom on November 8, 1958, which became effective on February 16, of this year.

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For Morning Papers
Release at 6:30 P.M. EDT
17 August 1959

EXIMBANK

A credit of \$6 million to assist a private French airline in financing the purchase of two DC-8 aircraft was announced today by Samuel C. Waugh, President of the Export-Import Bank of Washington.

Total cost of the transaction between Compagnie de Transports Aeriens Intercontinentaux, usually called TAI, and the Douglas Aircraft Corporation will be approximately \$16 million; the purchase will include the two commercial jets plus spares and related equipment.

The French-American Banking Corporation of New York City will participate for its own account in the early maturities of the credit, without the Bank's guaranty. This is the first time French-American has taken part in Export-Import Bank financing.

TAI will pay \$8,150,000 in cash prior to delivery. Of the \$8 million financed portion of the sale, Douglas will carry 25% or \$2 million and Eximbank 75% or \$6 million, less French-American's participation.

The credit, repayable over seven years commencing with delivery of each airplane, will be guaranteed by Credit National Pour Faciliter La Reparation Des Dommages Causes Par La Guerre.

The first DC-8 delivered, scheduled for June 1960, will be used for service between Paris and Abidjan, French West Africa; and between Paris and Djakarta, Indonesia. TAI plans to fly the second DC-8, scheduled for delivery in April 1961, from Paris around the world once a week in each direction, including a stop at Tahiti, in the Society Islands.

With today's credit, Eximbank financing during the Bank's lifetime has assisted nine U. S. airframe manufacturers in sales of 132 commercial aircraft (of which 27 are jets) costing a total of \$332.3 million to 23 airlines abroad.

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